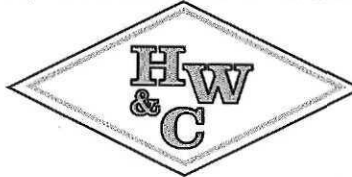


**Building Healthy Communities, Inc. -
HRSA Grant Fund
Pride, Louisiana
December 31, 2012**

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May 24, 2013

Independent Auditor's Report

Board of Directors
Building Healthy Communities, Inc. - HRSA Grant Fund
Pride, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Building Healthy Communities, Inc. - HRSA Grant Fund, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Healthy Communities, Inc. - HRSA Grant Fund as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1, the financial statements of Building Healthy Communities, Inc. - HRSA Grant Fund are intended to present the financial position, changes in net assets and cash flows that are attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of Building Healthy Communities, Inc., as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013 on our consideration of Building Healthy Communities, Inc. - HRSA Grant Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Building Healthy Communities, Inc. - HRSA Grant Fund's internal control over financial reporting and compliance.

Yours truly,

Hawthorn, Weymouth & Arnold, LLP

Building Healthy Communities, Inc. - HRSA Grant Fund
Statement of Financial Position
December 31, 2012

A s s e t s

Current Assets

Cash and cash equivalents	\$ 77
Accounts receivable	<u>16,007</u>
Total assets	<u>\$16,084</u>

L i a b i l i t i e s a n d N e t A s s e t s

Current Liabilities

Accounts payable	\$16,038
Deferred revenue	<u>—</u>
Total current liabilities	16,038

Net Assets

Unrestricted	<u>46</u>
Total liabilities and net assets	<u>\$16,084</u>

The accompanying notes are an integral part of these financial statements.

Building Healthy Communities, Inc. - HRSA Grant Fund
Statement of Activities
Year Ended December 31, 2012

Revenue and Support	
Grant revenue	\$175,792
Interest income	<u>3</u>
Total revenue and support	<u>175,795</u>
Expenses	
Bank charges	97
Contract services	144,637
Gifts	2,250
Office supplies	1,136
Promotions	2,763
Telephone and internet	2,053
Travel	<u>22,856</u>
Total expenses	<u>175,792</u>
Change in Net Assets	3
Net Assets, Unrestricted	
Beginning of year	<u>43</u>
End of year	<u>\$ 46</u>

The accompanying notes are an integral part of these financial statements.

Building Healthy Communities, Inc. - HRSA Grant Fund
Statement of Cash Flows
Year Ended December 31, 2012

Cash Flows From Operating Activities	
Change in net assets	\$ 3
Adjustments to reconcile change in net assets to net cash used in operating activities	
(Increase) Decrease in assets:	
Accounts receivable	(16,007)
Increase (Decrease) in liabilities:	
Accounts payable	(14,638)
Deferred revenue	<u>(29,964)</u>
Net cash used in operating activities	<u>(60,606)</u>
Net Decrease in Cash and Cash Equivalents	(60,606)
Cash and Cash Equivalents, beginning of year	<u>60,683</u>
Cash and Cash Equivalents, end of year	<u>\$ 77</u>

The accompanying notes are an integral part of these financial statements.

Building Healthy Communities, Inc. - HRSA Grant Fund
Notes to Financial Statements
December 31, 2012

Note 1-Nature of Organization and Grant

A. Nature of Organization

Building Healthy Communities, Inc. - HRSA Grant Fund (referred to herein as the "Fund") is a restricted fund of Building Healthy Communities, Inc. (referred to herein as "BHC"), used to report activity related to the HRSA Grant received from the Department of Health and Human Services. This fund is an integral part of the basic financial statements of BHC, and accordingly, is included in BHC's financial statements.

B. Nature of Grant

The HRSA Grant provides for the utilization of telehealth capabilities to create local mammography access to five medically under-served parishes in northwest Louisiana. The grant is used to provide free mammograms and also provides for a continuum of care through follow-up and referral of telemammography patients whose screening indicates a need for additional care.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been presented on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The Fund reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets include those net assets whose use by the Fund is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by the Fund has been limited by donors (a) to later periods of time or other specific dates, or (b) to specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Fund's use of the assets. At December 31, 2012, the Fund had no temporarily or permanently restricted net assets.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Building Healthy Communities, Inc. - HRSA Grant Fund
Notes to Financial Statements
December 31, 2012

Note 2-Summary of Significant Accounting Policies (Continued)

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fund considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

D. Revenue and Support

The grant from the Department of Health and Human Services, which is considered an exchange transaction, is recognized as revenue when allowable costs are incurred to provide the services specified under the terms of the grant agreement. Advances under the grant are recorded as deferred revenue until such time as they can be recognized as revenue.

E. Contractors

Contractors perform all of the daily activities of the Fund. Accordingly, no salaries, payroll taxes, fringe benefits, or occupancy expenses are reported, because these are the responsibility of the contractors. To the extent allowed by the contract, contractor fees also include limited pass-through expenses.

F. Income Taxes

The Fund is an integral part of the financial statements of BHC, which is exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Fund's activity is considered to be an activity related to BHC's exempt purpose and accordingly, no income taxes are reported.

BHC adopted the accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. BHC recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs.

BHC has evaluated its positions regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions. BHC's tax returns for the years ended December 31, 2009, 2010 and 2011 remain subject to examination by taxing authorities.

From time to time, BHC may be subject to interest and penalties assessed by various taxing authorities. These amounts are expensed when they occur.

Building Healthy Communities, Inc. - HRSA Grant Fund
Notes to Financial Statements
December 31, 2012

Note 3-Grant Revenue

	<u>Grant Period</u>	<u>Total Grant</u>	<u>Recognized Revenue</u>
<i>Department of Health and Human Services</i>			
CFDA No. 93.211	09/01/2011 - 08/31/2012	\$250,000	\$123,181
CFDA No. 93.211	09/01/2012 - 08/31/2013	250,000	<u>52,611</u>
			<u>\$175,792</u>

Note 4-Economic Dependency

The Fund receives all of its revenue from a federal grant. All funds received are appropriated each year by the federal government. If significant cuts are made at the federal level, the amount received by the Fund could be reduced by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grant funds in the next grant year.

Note 5-Contingencies – Grant Program

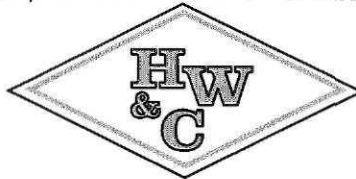
The Fund participates in a federal grant program which is governed by various rules and regulations. Costs charged to grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Fund has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 6-Subsequent Events

Management of the Fund evaluated all subsequent events through May 24, 2013, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

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May 24, 2013

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Building Healthy Communities, Inc. - HRSA Grant Fund
Pride, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Building Healthy Communities, Inc. - HRSA Grant Fund, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Building Healthy Communities, Inc. - HRSA Grant Fund's financial statements, and have issued our report thereon dated May 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Building Healthy Communities, Inc. - HRSA Grant Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Building Healthy Communities, Inc. - HRSA Grant Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Building Healthy Communities, Inc. - HRSA Grant Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Building Healthy Communities, Inc. - HRSA Grant Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yours truly,

Hawthorn, Wymouth & Conell, LLP

**Building Healthy Communities, Inc. - HRSA Grant Fund
Schedule of Current Year Audit Findings
Year Ended December 31, 2012**

Findings - Financial Statement Audit

None.

**Building Healthy Communities, Inc. - HRSA Grant Fund
Schedule of Prior Year Audit Findings
Year Ended December 31, 2012**

Findings - Financial Statement Audit

None.